

BONNEVILLE POWER ADMINISTRATION

TOTAL OBLIGATIONS/OUTLAYS

(in millions of dollars)

KFF 26-Jan-05

BP-1 SUMMARY

1,3/

1 Residential Exchange

2 Power Business Line 2/

3 Transmission Business
Line

4 Conservation & Energy
Efficiency

5 Fish & Wildlife

6 Interest/ Pension 4/

7 Associated Project Cost -
Capital

8 Capital Equipment

9 Planning Council

10 Misc. Accounting Adjs.

11 Projects Funded in
Advance

12 Capitalized Bond
Premiums

**TOTAL OBLIGATIONS/
OUTLAYS 3/**

| 2004 | | 2005 | | 2006 | | 2007 | 2008 | 2009 | 2010 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Oblig. | Outlays | Oblig. | Outlays | Oblig. | Outlays | Oblig. | Oblig. | Oblig. | Oblig. |
| 126 | 126 | 144 | 144 | 144 | 144 | 180 | 180 | 180 | 180 |
| 1,663 | 1,663 | 1,872 | 1,872 | 1,880 | 1,880 | 1,566 | 1,444 | 1,521 | 1,499 |
| 512 | 512 | 479 | 479 | 565 | 565 | 651 | 595 | 577 | 656 |
| 78 | 78 | 95 | 95 | 92 | 92 | 96 | 95 | 94 | 94 |
| 147 | 147 | 175 | 175 | 175 | 175 | 175 | 175 | 175 | 175 |
| 409 | 409 | 440 | 440 | 444 | 444 | 482 | 514 | 549 | 571 |
| 111 | 111 | 131 | 131 | 119 | 119 | 133 | 145 | 137 | 123 |
| 28 | 28 | 35 | 35 | 36 | 36 | 37 | 33 | 35 | 36 |
| 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 |
| 1,233 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 41 | 41 | 154 | 154 | 147 | 147 | 118 | 20 | 20 | 20 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 3 | 3 |
| 4,355 | 3,122 | 3,534 | 3,534 | 3,611 | 3,611 | 3,447 | 3,215 | 3,300 | 3,367 |

REVENUES AND REIMBURSEMENTS

(in millions of dollars)

| BP-1 SUMMARY | FISCAL YEAR | | | | | | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2004 | | 2005 | | 2006 | | 2007 | 2008 | 2009 | 2010 |
| | Oblig. | Outlays | Oblig. | Outlays | Oblig. | Outlays | Oblig. | Oblig. | Oblig. | Oblig. |
| 13 Revenues 5/ | 3,369 | 3,369 | 3,346 | 3,346 | 3,429 | 3,429 | 3,290 | 3,164 | 3,244 | 3,293 |
| 14 Project Funded in Advance | 41 | 41 | 154 | 154 | 147 | 147 | 118 | 20 | 20 | 20 |
| 15 TOTAL | 3,410 | 3,410 | 3,500 | 3,500 | 3,576 | 3,576 | 3,408 | 3,184 | 3,264 | 3,313 |
| BUDGET AUTHORITY (NET) | 1,403 | | (10) | | (10) | | (9) | (10) | (10) | (10) |
| 16 OUTLAYS (NET) 6/ | | (61) | | (10) | | (10) | (9) | (10) | (10) | (10) |

The accompanying notes are an integral part of this table.

- 1/ This FY 2006 budget includes capital and expense estimates for the Power Business Line (PBL) based on updated estimates since the 2005 SN CRAC rate proposal. The outyear power estimates included in this budget were the basis for development of the Power Function Review (PFR) Public Process on program levels, initiated in January 2005. The Transmission Business Line (TBL) capital and expense estimates are based on initial TBL PIR funding estimates and were the basis for development of the FYs 2006-2007 initial transmission rates proposal. This data is consistent with BPA's full-cycle financial management approach to budgeting that links strategic direction and implementation through targets and performance measures.

Capital investment levels also reflect management decisions from BPA's cross-agency Business Operations Board review process. Estimates included in this budget reflect the significant changes affecting the West Coast power and transmission markets along with planned infrastructure investments designed to address the long-term needs of the region. FY 2004 costs are based on BPA's audited actual financial results.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry in the Pacific Northwest.

- 2/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.
- 3/ This budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a Budget Enforcement "pay-as-you-go" test regarding its revision of funding estimates.
- 4/ See Interest Expense, Pension and Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of Pension and Post-retirement Benefits cost estimates.
- 5/ Revenues are calculated consistent with cash management goals and assume a combination of adjustments. Assumed adjustments include the use of a combination of tools, including upcoming CRAC adjustments, reduced cost estimates, a net revenue risk adjustment, debt service refinancing strategies, and/or short-term financial tools to manage net revenues and cash. Some of these potential tools will reduce costs rather than generate revenue, however causing the same net outlay result. Adjustments for depreciation and 4(h)(10)(C) are also assumed.
- 6/ Net Outlay estimates are based on current cost savings to date and anticipated cash management goals. They are expected to follow anticipated management decisions throughout the rate period that along with actual market conditions will impact revenues and expenses. Actual Net Outlays are volatile and are reported in SF-133. Estimated net outlay estimates could change due to changing market conditions, hydrological conditions, and continuing restructuring of the electric industry.

Misc. Acct Adjs for FY 2004 audited actual obligations consists primarily of long-term IOU exchange benefits obligations (\$1,008 million) and other long-term obligation requirements, consistent with BPA's FY 2004 Combined Schedules of Budgetary Resources.

BP-2

EXPENSED OBLIGATIONS/OUTLAYS 1,4/**Current Services**

(in millions of dollars)

FISCAL YEAR

| | 2004 | | 2005 | | 2006 | | 2007 | 2008 | 2009 | 2010 |
|------------------------------------|--------|---------|--------|---------|--------|---------|--------|--------|--------|--------|
| | Oblig. | Outlays | Oblig. | Outlays | Oblig. | Outlays | Oblig. | Oblig. | Oblig. | Oblig. |
| 1 Residential Exchange | 126 | 126 | 144 | 144 | 144 | 144 | 180 | 180 | 180 | 180 |
| 2 Power Business Line 2/ | 1,663 | 1,663 | 1,872 | 1,872 | 1,880 | 1,880 | 1,566 | 1,444 | 1,521 | 1,499 |
| 3 Transmission Business Line | 238 | 238 | 281 | 281 | 298 | 298 | 305 | 312 | 316 | 324 |
| 4 Conservation & Energy Efficiency | 61 | 61 | 62 | 62 | 63 | 63 | 64 | 63 | 62 | 62 |
| 5 Fish & Wildlife | 138 | 138 | 139 | 139 | 139 | 139 | 139 | 139 | 139 | 139 |
| 6 Interest/ Pension 3/ | 409 | 409 | 440 | 440 | 444 | 444 | 482 | 514 | 549 | 571 |
| 7 Planning Council | 7 | 7 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 10 |
| 8 TOTAL EXPENSE | | | | | | | | | | |
| 9 Misc. Accounting Adjs. | 1,233 | | | | | | | | | |
| 10 Projects Funded in Advance | 41 | 41 | 154 | 154 | 147 | 147 | 118 | 20 | 20 | 20 |

CAPITAL OBLIGATIONS/OUTLAYS

(in millions of dollars)

FISCAL YEAR

| BP-2 continued | 2004 | | 2005 | | 2006 | | 2007 | 2008 | 2009 | 2010 |
|--|-------------|------------|--------------|------------|--------------|------------|--------------|-------------|-------------|--------------|
| | Oblig. | Outlays | Oblig. | Outlays | Oblig. | Outlays | Oblig. | Oblig. | Oblig. | Oblig. |
| Conservation & Energy Efficiency | 17 | 17 | 33 | 33 | 29 | 29 | 32 | 32 | 32 | 32 |
| 11 Transmission Business Line | 274 | 274 | 198 | 198 | 267 | 267 | 346 | 283 | 261 | 332 |
| 12 Associated Project Cost | 111 | 111 | 131 | 131 | 119 | 119 | 133 | 145 | 137 | 123 |
| 13 Fish & Wildlife | 9 | 9 | 36 | 36 | 36 | 36 | 36 | 36 | 36 | 36 |
| 14 Capital Equipment | 28 | 28 | 35 | 35 | 36 | 36 | 37 | 33 | 35 | 36 |
| 15 Capitalized Bond Premiums | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 | 3 | 3 |
| 16 TOTAL CAPITAL INVESTMENTS 15 | 439 | 439 | 433 | 433 | 487 | 487 | 584 | 534 | 504 | 562 |
| 17 TREASURY BORROWING AUTHORITY TO | | | | | | | | | | |
| FINANCE CAPITAL OBLIGATIONS 4,5/ | 439 | | 433 | | 487 | | 584 | 534 | 504 | 562 |
| 18 TREASURY BORROWING AUTHORITY | | | | | | | | | | |
| TO FINANCE OTHER OBLIGATIONS | (20) | | (138) | | (192) | | (204) | (70) | (19) | (215) |
| 19 TOTAL TREASURY BORROWING AUTHORITY : | 480 | | 295 | | 295 | | 380 | 464 | 527 | 347 |

The accompanying notes are an integral part of this table.

- 1/ This FY 2006 budget includes capital and expense estimates for the Power Business Line (PBL) based on updated estimates since the 2005 SN CRAC rate proposal. The outyear power estimates included in this budget were the basis for development of the Power Function Review (PFR) Public Process on program levels, initiated in January 2005. The Transmission Business Line (TBL) capital and expense estimates are based on initial TBL PIR funding estimates and were the basis for development of the FYs 2006-2007 initial transmission rates proposal. This data is consistent with BPA's full-cycle financial management approach to budgeting that links strategic direction and implementation through targets and performance measures.

Capital investment levels also reflect management decisions from BPA's cross-agency Business Operations Board review process. Estimates included in this budget reflect the significant changes affecting the West Coast power and transmission markets along with planned infrastructure investments designed to address the long-term needs of the region. FY 2004 costs are based on BPA's audited actual financial results.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry in the Pacific Northwest.

- 2/ The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

- 3/ See Interest Expense, Pension and Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of Pension and Post-retirement Benefits cost estimates.

- 4/ This budget has been prepared in accordance with the Budget Enforcement Act (BEA) of 1990. Under this Act all BPA budget estimates are treated as mandatory and are not subject to the discretionary caps included in the BEA. These estimates support activities which are legally separate from discretionary activities and accounts. Thus, any changes to BPA estimates cannot be used to affect any other budget categories which have their own legal dollar caps. Because BPA operates within existing legislative authority, BPA is not subject to a Budget Enforcement "pay-as-you-go" test regarding its revision of funding estimates.

- 5/ Treasury Borrowing Authority to Finance Other Obligations represents the use of (positive), or building up of (negative), deferred borrowing. Deferred borrowing is created when Bonneville uses cash from revenues to liquidate capital obligations in lieu of Treasury borrowing. This creates the ability in future years to borrow money, when fiscally prudent, to liquidate revenue funded activities. The amount on this line, under the title "Treasury Borrowing Authority to Finance Other Obligations" represents the annual use or creation of deferred borrowing. OMB has requested that Bonneville show this deferred borrowing as a resource carried forward from year to year in the manner displayed here.

Misc. Acct Adjs for FY 2004 audited actual obligations consists primarily of long-term IOU exchange benefits obligations (\$1,008 million) and other long-term obligation requirements, consistent with BPA's FY 2004 Combined Schedules of Budgetary Resources.

BP-3

CURRENT SERVICES

(in millions of dollars)

CAPITAL TRANSFERS

| | |
|-----------------------------------|--|
| Amortization: | |
| 20 BPA Bonds | |
| 21 Bureau Bonds | |
| 22 BPA Appropriations | |
| 23 Corps Appropriations | |
| 24 TOTAL CAPITAL TRANSFERS | |

| 2004 Pymts |
|---------------|
| 277 |
| 1 |
| 206 |
| 114 |
| 598 |

FISCAL YEAR

| 2005 Pymts |
|---------------|
| 200 |
| 0 |
| 15 |
| 88 |
| 303 |

| 2006 Pymts | 2007 Pymts | 2008 Pymts | 2009 Pymts | 2010 Pymts |
|---------------|---------------|---------------|---------------|---------------|
| 230 | 219 | 245 | 210 | 261 |
| 0 | 0 | 0 | 1 | 0 |
| 49 | 71 | 64 | 40 | 98 |
| 93 | 85 | 64 | 101 | 0 |
| 372 | 375 | 373 | 352 | 359 |

| |
|--------------------------------------|
| 25 FULL-TIME EQUIVALENT (FTE) |
|--------------------------------------|

| |
|--------------|
| 3,136 |
|--------------|

STAFFING

| |
|--------------|
| 3,166 |
|--------------|

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| 3,166 | 3,204 | 3,204 | 3,204 | 3,204 |
|--------------|--------------|--------------|--------------|--------------|

PROGRAM & FINANCING SUMMARY

Current Services
(in millions of dollars)

Identification Code: 89-4045-0-3-271

est.

Program by activities:

Operating expenses:

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 0.01 Power Business Line | 1,432 | 1,629 | 1,629 | 1,304 | 1,175 | 1,243 | 1,213 |
| 0.02 Residential Exchange | 126 | 144 | 144 | 180 | 180 | 180 | 180 |
| Associated Project Costs: | | | | | | | |
| 0.05 Bureau of Reclamation | 60 | 63 | 65 | 67 | 69 | 71 | 74 |
| 0.06 Corps of Engineers | 137 | 145 | 149 | 159 | 163 | 168 | 172 |
| 0.07 Colville Settlement | 17 | 17 | 18 | 17 | 17 | 18 | 18 |
| 0.19 U.S. Fish & Wildlife Service | 17 | 18 | 19 | 19 | 20 | 21 | 22 |
| 0.20 Planning Council | 7 | 9 | 9 | 9 | 9 | 9 | 10 |
| 0.21 Fish & Wildlife | 138 | 139 | 139 | 139 | 139 | 139 | 139 |
| 0.23 Transmission Business Line | 238 | 281 | 298 | 305 | 312 | 316 | 324 |
| 0.24 Conservation & Energy Efficiency | 61 | 62 | 63 | 64 | 63 | 62 | 62 |
| 0.25 Interest | 378 | 413 | 421 | 461 | 496 | 518 | 540 |
| 0.26 Pension and Health Benefits 1/ | 31 | 27 | 23 | 21 | 18 | 31 | 31 |
| 0.91 Total operating expenses 2/ | 2,642 | 2,947 | 2,977 | 2,745 | 2,661 | 2,776 | 2,785 |

Capital investment:

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1.01 Power Business Line | 111 | 131 | 119 | 133 | 145 | 137 | 123 |
| 1.02 Transmission Line | 274 | 198 | 267 | 346 | 283 | 261 | 332 |
| 1.03 Conservation & Energy Efficiency | 17 | 33 | 29 | 32 | 32 | 32 | 32 |
| 1.04 Fish & Wildlife | 9 | 36 | 36 | 36 | 36 | 36 | 36 |
| 1.05 Capital Equipment | 28 | 35 | 36 | 37 | 33 | 35 | 36 |
| 1.06 Capitalized Bond Premiums | 0 | 0 | 0 | 0 | 5 | 3 | 3 |
| 1.07 Total Capital Investment 3/ | 439 | 433 | 487 | 584 | 534 | 504 | 562 |
| 1.08 Misc. Accounting Adjustments | 1,233 | | | | | | |
| 2.01 Projects Funded in Advanced | 41 | 154 | 147 | 118 | 20 | 20 | 20 |
| 10.00 Total obligations 4/ | 4,355 | 3,534 | 3,611 | 3,447 | 3,215 | 3,300 | 3,367 |

The accompanying notes are an integral part of this table.

1/ See interest Expense, Pension & Post-retirement Benefits and Capital Transfers section of this budget for a complete discussion of Pension & Post-retirement Benefits cost estimates.

2/ Reflects expense obligations, not accrued expenses.

The Power Business Line includes Fish & Wildlife, Residential Exchange, Planning Council, Conservation & Energy Efficiency and Associated Project Costs which have been shown separately for display purposes.

3/ Reflects capital obligations, not capital expenditures.

4/ This FY 2006 budget includes capital and expense estimates for the Power Business Line (PBL) based on updated estimates since the 2005 SN CRAC rate proposal. The outyear power estimates included in this budget were the basis for development of the Power Function Review (PFR) Public Process on program levels, initiated in January 2005. The Transmission Business Line (TBL) capital and expense estimates are based on initial TBL PIR funding estimates and were the basis for development of the FYs 2006-2007 initial transmission rates proposal. This data is consistent with BPA's full-cycle financial management approach to budgeting that links strategic direction and implementation through targets and performance measures.

Capital investment levels also reflect management decisions from BPA's cross-agency Business Operations Board review process. Estimates included in this budget reflect the significant changes affecting the West Coast power and transmission markets along with planned infrastructure investments designed to address the long-term needs of the region. FY 2004 costs are based on BPA's audited actual financial results.

Budget estimates included in this budget are subject to change due to rapidly changing economic and institutional conditions in the evolving competitive electric utility industry in the Pacific Northwest.

Refer to 16 USC Chapters 12B, 12G, 12H, and BPA's other organic laws, including P.L. 100-371, Title III, Sec. 300, 102 Stat. 869, July 18, 1988 regarding BPA's ability to obligate funds.

Misc. Acct Adjs for FY 2004 audited actual obligations consists primarily of long-term IOU exchange benefits obligations (\$1,008 million) and other long-term obligation requirements, consistent with BPA's FY 2004 Combined Schedules of Budgetary Resources.

Program and Financing (continued)

Current Services
(in millions of dollars)

| | | est. | | | | | | |
|--|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Financing: | | | | | | | | |
| 21.90 | Unobligated balance available, start of year. Treasury balance 3/ | (121) | (240) | (240) | (240) | (240) | (240) | (240) |
| 24.40 | Unobligated balance available, end of year. Treasury balance 3/ | 0 | (240) | (240) | (240) | (240) | (240) | (240) |
| 25.00 | Unobligated balance lapsing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 39.00 | Budget authority (gross) | 4,631 | 3,727 | 3,727 | 3,560 | 3,627 | 3,692 | 3,802 |
| Budget Authority: | | | | | | | | |
| 61.00 | Transfer to other accounts | (75) | | | | | | |
| 66.10 | Contract Authority | 1,202 | | | | | | |
| 67.10 | Permanent Authority: Authority to borrow from Treasury (indefinite) 4/ | 480 | 295 | 295 | 380 | 464 | 527 | 347 |
| 69.00 | Spending authority from off-setting collections | 3,317 | 3,737 | 3,737 | 3,408 | 3,184 | 3,264 | 3,313 |
| 69.47 | Portion applied to debt reduction 5/ | (277) | (305) | (305) | (443) | (309) | (312) | (261) |
| 69.90 | Spending authority from offsetting collections (adjusted) | 3,025 | 3,432 | 3,432 | 3,180 | 3,163 | 3,165 | 3,455 |
| Relation of obligations to outlays: | | | | | | | | |
| 71.00 | Total obligations | 4,355 | 3,534 | 3,611 | 3,447 | 3,215 | 3,300 | 3,367 |
| Obligated balance, start of year: | | | | | | | | |
| 72.47 | Authority to borrow | 414 | 617 | 617 | 617 | 617 | 617 | 617 |
| 74.47 | Authority to borrow | (617) | (617) | (617) | (617) | (617) | (617) | (617) |
| 87.00 | Outlays (gross) | 3,256 | 3,727 | 3,727 | 3,560 | 3,627 | 3,692 | 3,802 |
| Adjustments to budget authority and outlays: | | | | | | | | |
| Deductions for offsetting collections: | | | | | | | | |
| 88.00 | Federal funds | (38) | (90) | (90) | (90) | (90) | (90) | (90) |
| 88.40 | Non-Federal sources | (3,279) | (3,647) | (3,647) | (3,479) | (3,547) | (3,612) | (3,722) |
| 88.90 | Total, offsetting collections | (3,317) | (3,737) | (3,737) | (3,569) | (3,637) | (3,702) | (3,812) |
| 89.00 | Budget authority (net) | 1,403 | (10) | (10) | (9) | (10) | (10) | (10) |
| 90.00 | Outlays (net) 6/ | (61) | (10) | (10) | (9) | (10) | (10) | (10) |

The accompanying notes are an integral part of this table.

3/ Treasury balance and unobligated balance estimates assume that BPA will borrow from Treasury the amount needed to finance the full capital program. Actual Treasury borrowing and cash balances will be different, depending on net revenues, Treasury interest rates, and other cash management factors. Borrowing could be higher such that cash balances at the end of each year could equal total reserves.

- 4/ The Permanent Authority: Authority to borrow (indefinite) from Treasury amounts reflect both BPA's capital program financing needs and either the use of, or creation of, deferred borrowing. Deferred borrowing is created when, as a cash and debt management decision, BPA uses cash from revenues to liquidate capital obligations in lieu of borrowing from Treasury. This temporary use of cash on hand instead of borrowed funds creates the ability in future years to borrow money, when fiscally prudent. Technical Executive Branch budget display and tracking requirements have modified the way BPA shows this deferred borrowing as a resource carried forward from year-to-year. This amount must therefore be added to, or subtracted from, BPA's current year Treasury borrowing authority amount, making this number a combination of capital program financing needs and the annual use, or creation of deferred borrowing. The FY 1989 Energy and Water Development Appropriations Act (P.L. 100-371 of 7/19/88) clarified that BPA has authority to incur obligations in excess of Treasury borrowing authority and cash in the BPA Fund. The two amounts which comprise the net amount of line 67.10 above are as follows:

| | FISCAL YEAR | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Treasury Borrowing Authority: | | | | | | | |
| to finance capital obligations | 500 | 433 | 487 | 584 | 534 | 546 | 562 |
| to finance other obligations | (20) | (138) | (192) | (204) | (70) | (19) | (215) |
| Total Treasury Borrowing Authority (67.10) | 480 | 295 | 295 | 380 | 464 | 527 | 347 |

- 5/ Includes amortization of BPA and Corps of Engineers appropriations and amortization of BPA bonds. Line 69.47 is referred to as capital transfers on BP-3.
- 6/ Net Outlay estimates are based on current cost savings to date and anticipated cash management goals. They are expected to follow anticipated management decisions throughout the rate period that along with actual market conditions will impact revenues and expenses. Actual Net Outlays are volatile and are reported in SF-133. Estimated net outlay estimates could change due to changing market conditions, hydrological conditions, and continuing restructuring of the electric industry.

Revenues, included in the Net Outlay formulation, are calculated consistent with cash management goals and assume a combination of adjustments. Assumed adjustments include the use of a combination of tools, including upcoming CRAC adjustments, reduced cost estimates, a net revenue risk adjustment, debt service refinancing strategies and/or short-term financial tools to manage net revenues and cash. Some of these potential tools will reduce costs rather than generate revenue, however causing the same net outlay result. Adjustments for depreciation and 4(h)(10)(C) are also assumed.